SYNOPSIS

EMPOWERMENT OF TRIBALSTHROUGH FINANCIAL INCLUSION

Submitted By

M. Esther Jansi

Under the guidance of

Dr. (Mrs) G.Santhiyavalli

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Avinashilingam Institute for Home Science and Higher Education for Women

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"Financial services that are inclusive would enhance the vulnerable populations' ability to escape poverty"

– H. M. Queen Maxima

Introduction

India is a vast country with diverse cultures and tribes of people. The term "Adivasi" is being used to define collectively all tribal people of India. Based on the census conducted in 2011, India had around 8.6 percent of tribal minorities. The Constitution of India has recognised these Adivasi people as target groups for social and economic development and have been officially declared as scheduled tribes. Tribal people of India face numerous issues, most of them related to right of ancestral land and job opportunities. Despite of the efforts taken by the Indian Government and Non-Govermental Organizations, Indian tribes remain as the least educated class of the society.

Financial inclusion aims at helping people to avail financial services without hassles. Before demonetization, financial inclusion was very less and reaching out to tribal people was exceedingly difficult. But the post-demonetization era has seen a 53 percent increase in financial inclusion which has paved the path for a new genre of financial services such as Unified Payment Interfaces(UPI). The move has extended the possibilities of financial inclusion even to the most rural and inaccessible regions of the country. The incumbent Government is focused on promoting cashless economy in India which will not be possible without a bank account for every Indian. It can be observed that every growing economy is focused on financial inclusion as a viable tool for future development.

Every bank in the country provides countless services through a bank account. Government subsidies and financial inclusion schemes, loans, andinsuranceare made available through a proper banking account. But for the financially challenged scheduled tribes, availability of these schemes is a questionable issue.Most of the scheduled tribes are still lagging in education and their daily livelihood depends on daily wages or forest produce. Awareness programmes must play a major role in

changing the perspective of such people who are averse to changes. Assessing the extent of financial inclusion among such tribes is extremely important to understand the measures to be taken for the economic development of the long-neglected society.

Awareness towards banking services

Studies on awareness among tribal people regarding the banking sector have revealed that most of the tribes have almost 95 percent access to banking accounts. Out of the 95 percent accounts owned, 50 percent of the accounts are NREGS accounts. National Rural Employment Guarantee Scheme (NREGS) has been brought forth under the Aadhar framework to prevent misuse of funds and to ensure a minimum employment guarantee to the economically backward sections of the society.

The tribal people of the peninsula have long been considered as a neglected and forgotten section of the Indian society. Though financial inclusion has made considerable changes in their livelihood and lifestyle, denying financial services will put their futures at stake. It is time for the Government and the banking institutions to realize that moving forward at the cost of leaving behind a considerable minority cannot be called as improvement. India cannot achieve its goal of becoming a global economy and a reputed global power without contributing to the development of these forgotten tribes. Factors such as accessibility to banks, awareness towards cashless transactions, availing Government schemes through banking accounts, benefits of loans and insurance must be considered. This makes financial inclusion a mandatory factor towards the future of Indian economy and societal reforms.

The need of the hour is to study the extent of financial inclusion among primitive tribal population. The primitive tribal groups are residing in the Niligiris District, Tamil Nadu and include Todas, Kotas, Kurumbas, Irulas, Paniyans and Kattunayakans.They are characterized by:

- a pre – agriculture level of technology
- a stagnant or declining population
- extremely low literacy and
- a subsistence level of economy

Statement of the Problem

Financial institutions act as the catalyst in the economic and social growth of an individual and progress of an economy (Banerjee & Francis, 2014). This access helps in gaining financial empowerment, promoting social inclusion, building self-confidence, and thus leading to social and economic empowerment of rural folk especially tribal which ultimately leads to economic development. Financial inclusion is a key driver for economic empowerment at an individual level and economic development at national level (Lewis, 2007).

Banking has not only revolutionized money transactions but has also opened the doors to other financial services such as loans, credit cards and insurance. Though access to the banking sector is outclassed, it is still considered a very viable tool for the betterment of scheduled tribes and needs to be studied extensively. Financial inclusion hits a roadblock in terms of accessibility as establishing full fledged banks in remote inaccessible regions is a great challenge. Tribal people also do not use the banks frequently as they are located far from their livelihoods.

Though it can be proudly said that most scheduled tribes have been brought under financial inclusion, the statistics reveal an alarming fact considering the nature of the accounts. Only 25percent of the accounts are proper savings bank accounts and have access to banking services and schemes. Awareness towards financial inclusion is lagging and needs much attention from both the commercial banks and the Government.

NEED FOR THE STUDY

Financial inclusion is considered as a fast emerging concept and a mechanism for inclusive growth. It is an innovative notion which helps in promoting the banking habits among tribal people.Financial inclusion plays a very crucial role in the process of economic growth by channelizing all resources from bottom to top.Most of the researchers concentrate on the financial inclusion of rural and low income population. Studies were concentrated on the financial inclusion of primitive tribal population in The Nilgiris is very limited. The present study attempts to identify the extend of financial inclusion of tribal population and their empowerment.

REVIEW OF LITERATURE

Numerous studies have been conducted on financial inclusion. This chapter reviews the available literature on financial inclusion and attempts to identify the research gaps by studying the literature in detail.

Kapadia et.al. (2018) India is placed in a good rank in terms of financial systems and technology usage but the problem arises in the awareness level of its users which is considerably very low. Financial stability is the summation of factors such as financial inclusion, financial literacy, and consumers. Awareness towards financial inclusion creates demand and enhances economy.

Mahajan & Singla (2017)The incumbent Government of India announced the infamous demonetization on 8th November 2016 to tackle black money issues and at the same time to promote India as a cashless digital economy.

Rajaswaminathan.S (2013) The researcher collected detailed information regarding financial inclusion from the banker, business correspondents and from the respondents. Majority of the respondents holds bank account and aware of all banking facilities. The banker took financial inclusion measure under eight factors i.e essential banking, awareness banking, customer retaining, rural banking, product and relationship banking; security need banking, literacy and banking and agricultural banking. And finally suggested that financial access in India reported to be poor and the government should take healthy financial inclusion policies and strategies to improve financial inclusion in India.

Research Gap

Limited studies were undertaken among primitive tribal groups. Hence effort is taken to find the empowerment of tribals through financial inclusion.

Research Questions

IndianConstitution believes in providing equal opportunities to every citizen of the country. The incumbent Government has been taking immense measures to make financial inclusion possible. Like any new initiative, financial inclusion also faces numerous issues. By considering the pros and cons of financial inclusion, the following questions are framed to quantify the effect of financial inclusion,

1. Are tribal people aware of financial inclusion schemes?
2. Do tribal people have access to banking services that can be used for financial inclusion?
3. Are they sufficiently educated or trained to use banking services?
4. What are the challenges faced by tribal people while using banking services?

Based on the above research questions the following objectives were framed.

Objectives of the study

1. To study the extent of financial inclusion among the tribal households in The Niligiris district.
2. To analyse the availability, accessibility and usage of financial services by tribal people.
3. To identify the role of digital financial services in financial inclusion.
4. To examine the impact of financial inclusion in the empowerment of tribal people.
5. To study the constraints faced by scheduled tribes in accessing banking services and schemes.

Hypotheses of the study

Taking the research questions and objectives into account, the following null hypotheses are framed and tested to support the research.

H_{01}: There is no significant association between socio-economic factors and level of financial inclusion.

H_{02}: Tribalpeople does not have awareness to financial services.

H_{03}: Availability, accessibility, and usage of banking and financial services do not significantly predict the financial inclusion.

H_{04}: Financial inclusion does not have direct impact on empowerment of tribal people.

Scope of the study

The study aims to studying the impact of financial inclusion among the scheduled tribes of The Niligiris district. The study concentrates on six tribes namely todas, kothas, irulas, paniyas, kurumbas and kattunayakans native to the Niligiris region. The outcomes of the study will benefit the primitive scheduled tribes directly and will create an awareness regarding financial inclusion. The research will also benefit the Government agencies and Non-Govermental organizations who are working on awareness programs for financial inclusion. Commercial banks will also benefit by quantification of user data in tribal regions which will help them provide better access to scheduled tribes towards banking services.

With proper execution and awareness, financial inclusion may become a great tool for the development of scheduled tribes in the country.

ResearchMethodology

The validity of any research depends upon the systematic method of collecting the data and analyzing the same in a logical and sequential order.

Selection of the Study Area

The present study is confined to the selected group of primitive tribal households in Niligiris District of Tamil Nadu.

Sampling Design

Selection of the Sample Units

Multi-stage sampling method has been adopted in the study. In the first stage, The Niligirs Distict is selected because it is a primitive tribal area and population of scheduled tribes population is highest (4.5 percent) in the State as per census 2011.

In the second stage, five highly populated primitive tribal villages were selected for the study. A total of 2,131tribal households were identified.

In the third stage, by adopting convenient sampling technique, a total of 426 interview schedule was used and duly collected, during the validation process, 9 were found to be incomplete and thus,417 households were considered for the study.

Period of study

The study was conducted during the period Nov 2018- Jan 2019.

Tools for Collection of Data

In order to collect primary data from the tribal households a well drafted interview schedule was used.

Secondary Data

Secondary sources of information includes newspaper, magazine,published reports, journals and from the websites of Reserve Bank of India, NABARD.

Pilot Study

A pre–test was conducted with a sample of eighty tribal households.The interview schedule was personally administered to the sample respondents. After pre- testing, necessary modifications were made in the interview schedule.Based on the interview schedule, data were collected from the tribal households of the Niligiris District.

Reliability of the instruments

Reliability

Reliability refers to the level of dependability of the items in the research instrument. The reliability was measured by using Cronbach – Alpha Coefficient. The correlation coefficient attained from the interview schedule was 0.70. The result indicated that the instrument was reliable as the reliability coefficient was more than 0.6.

Statistical Tools for Analysis of Data

For analyzing the primary data collected the following statistical tools were used

- Descriptivestatistics
- ‘t’- test
- Analysis of Variance (ANOVA)
- Henry Garrett Ranking Techniques
- Correlation Analysis
- Regression Analysis
- Factor Analysis

Major findings of the study

- Socio-economic profile: Majority (51 percent) of the respondents are male, and most of the respondents are under the age group of below 30years. 62 percent of the respondents are married.
- 24 percent of the respondents are housewives. 69 percent of the respondents are in joint family.43 percent of the respondents are not having any formal education.
- It is found that that maximum respondents are having an annual income of Rs.1,00,001-Rs.2,00,000. Majority (24 percent) are privately employed. 33 percent of the tribal households are having only one earning member and 80 percent of the tribal households are frequent access to their bank account. This shows that Government efforts towards financial inclusion has an incredibly good effect among tribal communities.
- All the respondents are have opened a bank account, out of which, 31 percent have account for the purpose of saving money, 35 percent of the account is no frill account and 34 percent opened a bank account for the purpose of MGNREA scheme(Mahatma Gandhi National Rural Employment Gurantee Act).
- 32 percent of the respondents are using ATM cards. 63 percent of the respondents are having insurance policies. 48 percent of respondents have availed vehicle insurance.
- Highest mean score value of 3.94 is found for the availability of debit and credit card facilities. Pension services are ranked second with a mean score of 3.4916.Presence of only one bank in the area was also reported with a mean score of 3.4436 and will have a great impact on financial inclusion both positively and adversely.
- It is found from the analysis that the selected demographic variables namely age,gender,marital status,community, education, income, savings habit, No. of family members, type of family does not influence the level of financial inclusion. But occupation is influencing the level of financial inclusion.
- The analysis reveals that there is a strong correlation between accessibility of financial and banking services with the availability, usage, and social empowerment of tribal respondents.
- The multiple linear regression analysis were undertaken to test the legitimacy of the result obtained from the factor analysis. From the factor analysis that it is understood that financial inclusion has commanded interest from the public. The

result suggests that social empowerment, economic empowerment and availability of financial services significantly influences the dependent factor usage of financial services.

- By applying the five point likert scaling technique for the knowledge about various financial services, the data collected is replicated into three levels namely low, medium and high.
- It is observed from the chi-square results that , only occupation has significant relationship with the level of financial inclusion while other variables are insignificant.
- Based on the factor analysis three factors derived for the accessability to banking service namely approachability, accessibility of bank and bankers responsiveness.
- The KMO value is above 0.7 which shows a high reliability among the factors.

Limitations of the study

1) The samples were selected from The Niligiris District only and hence adequate care must be exercised when generalization is to be made for the whole economy.he study focuses only on primitive tribes who lives in rural or forested regions which are mostly inaccessible.

2) Accuracy of information conveyed cannot be confirmed due to language barriers and scheduled tribes are mostly suspicious of outsiders.

Conclusion

The socio-economic empowerment of tribal people could be kept as a long term development goal in India. So development, awareness, education, competitiveness, willingness, confidence, self-motivation, mindset, encouragement from family and society are essential for the economic empowerment of tribal people. The success achieved in this regard will be helpful for bringing tribal people into the mainstream of inclusive growth process in India. Reducing poverty and unemployment of the tribes would pave the way towards their empowerment.

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